



October 31, 1995

Mr. Ruben McCullers
Work Assignment Manager
RCRA Branch, Waste Management Division
U.S. EPA Region 7
726 Minnesota Avenue
Kansas City, Kansas 66101

**Subject: Review of Supporting Information for the
Four Supplemental Environmental Projects (SEP) for the
Knapheide Manufacturing Company, West Quincy, Missouri
EPA Contract No. 68-W4-0004, Work Assignment No. R07001**

Dear Mr. McCullers:

PRC Environmental Management, Inc. (PRC), has reviewed the supporting information for the four SEPs dated September 19, 1995. This information was sent to the Environmental Protection Agency (EPA) as a response to EPA's request dated July 12, 1995. PRC reviewed the additional information to determine if the four proposed SEPs complied with Paragraph 2 of the First Modification to the Consolidated Consent Agreement and Consent Order (CA/CO), dated March 8, 1995, and the "Policy on the Use of Supplemental Enforcement Projects in EPA Settlements," dated February 12, 1991.

PRC is submitting a hard copy and an electronic disk copy of the review comments on the four proposed SEPs. PRC also has made recommendations about the dollar amount of penalty offset based on the environmental benefit of each proposed SEP.

If you have any questions or comments, please call me at (913) 573-1826.

Sincerely,

Patrick Splichal
Environmental Scientist

Enclosure

cc: Aaron Zimmerman, U.S. EPA-RPO (letter only)
John Parks, PRC (letter only)
Mark Johnson, PRC



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RCRA Records Center

INTRODUCTION

PRC Environmental Management, Inc. (PRC), reviewed the supporting information for the four Supplemental Environmental Projects (SEP) submitted by the Knapheide Manufacturing Company (Knapheide) on September 19, 1995. The supporting information for the four SEPs was reviewed to determine whether each SEP met the requirements in the First Modification to the Consolidated Consent Agreement and Consent Order (CA/CO), dated March 8, 1995, and the "Policy on the Use of Supplemental Enforcement Projects in EPA Settlements," dated February 12, 1991. In this document, PRC provides comments on the four SEPs. If PRC has determined that an SEP meets the requirements as discussed above, then PRC has made recommendations on penalty offset dollar amounts based on the environmental benefit of each SEP.

COMMENTS

SEP 1--Examine the Environmental Impact of the Flood on the West Quincy, Missouri, Facility and Dispose of the Above Ground Tanks and Wood Treatment Building

The comments on SEP 1 are presented according to the three tasks identified in the original SEP and associated supporting information provided by Knapheide.

a. Cleanup of the Buildings and Grounds and Damage Assessment

1. PRC believes that the majority of the cleanup of the property was a good management practice (GMP) and not an SEP. However, PRC believes the removal of barrels and other debris from the property and the removal of 1 to 1.5 feet of mud from groundwater monitoring wells can be considered an SEP meeting the requirements of environmental restoration. Knapheide has listed a cost of \$79,667.11 for this cleanup, and the associated invoices provided by Knapheide support this cost figure. Because PRC believes the majority of the cleanup was a GMP and the environmental benefit was minimal, PRC recommends a penalty offset of 1 cent on the dollar or \$796.67.
2. The post-flood investigation performed by Schrieber, Grana & Yonley, Inc., was voluntary and not required by the Missouri Department of Natural Resources (MDNR), as supported by the fact that MDNR had a contract with an environmental company to perform post-flood assessments at several sites in Missouri, including the Knapheide facility in West Quincy, Missouri. PRC believes this post-flood investigation qualifies as an SEP in the category of environmental auditing projects. Knapheide has presented a total cost of \$7,488.37 for investigating and retesting groundwater monitoring wells to determine the impact of the flood on groundwater quality. Knapheide has mentioned in the supporting information that the groundwater quality has changed at the site, but has not mentioned how it has changed. If the groundwater quality has been degraded, Knapheide has not mentioned the efforts that have been made to restore the groundwater to its original quality. Because Knapheide has not shown that efforts have been made to improve groundwater quality, PRC recommends a penalty offset of only 5 cents on the dollar or \$374.42.

b. Disposal of the Tanks, Tank Contents, and Clean and Close Piping

1. The supporting information supplied by Knapheide demonstrates that the heating oil and solvent disposal, not reuse, occurred. This disposal activity neither was required by any environmental regulations nor constituted a GMP since the heating oil and solvents were not reused. Therefore, PRC believes this activity qualifies as an SEP in the category of pollution prevention. Knapheide has presented a total cost of \$25,647.71 for the disposal activities and closure of the tanks. The invoices for the disposal of the heating oil and solvent total \$8,887.71. The remaining \$16,760 is a cost estimate for performing dismantling and closure of the tanks. The closure activity has not yet occurred; therefore, penalty offset cannot be calculated until the closure has been completed and a final invoice is received. PRC recommends a penalty offset of 10 cents on the dollar for the disposal cost of \$8,887.71, resulting in a dollar amount of \$888.77.

c. Dismantling and Disposing of the Damaged Wood Treatment Building

1. Based upon review of the supporting information, PRC does not believe this activity is an SEP. First, Knapheide states that it will have to demolish the building because it poses a safety threat to anyone working near the storage tank containing the wood treatment solution. This is a GMP, not an SEP. Second, Knapheide is required to conduct closure on the tank containing the wood treatment solution because it contains a regulated substance, pentachlorophenol. Because the building must be dismantled before the tank undergoes closure, building dismantling is considered part of the tank closure, which is required by environmental regulations. In either case, this activity does not constitute an SEP and no penalty offset should be given.

SEP 2--Fighting the Great Flood of 1993

- a. PRC concedes that the sandbagging and flood-fighting activities performed by Knapheide may have given other facilities and farmsteads in the levee district time to remove tanks of oil, grease, fuel, pesticides, and solvents. However, Knapheide's primary focus was to prevent flooding of its facility, which is a GMP. Knapheide has failed to present any supporting documentation to demonstrate that the assistance to other facilities and farmsteads was not a secondary benefit of protecting the Knapheide facility itself. PRC does not believe fighting the flood constitutes an SEP.

SEP 3--Paint Usage and VOC Reduction in Temporary Plant

- a. Knapheide has presented the Air Permit Variance, the applicable Illinois Environmental Protection Agency (IEPA) regulations, Material Safety Data Sheets (MSDS) for the previous and new paints, and tables comparing the volatile organic compound (VOC) content of the previous and current paints, as requested in the July 12, 1995, EPA letter. Knapheide also has included copies of the invoices for the new bake ovens and the installation costs for these ovens.

For the following reasons, PRC believes Knapheide's change in paint usage and the installation of new bake ovens in its temporary facility constitutes an SEP in the category of pollution reduction. First, Knapheide changed to paints with lower VOC levels and installed the infra-red ovens in its

side assembly and tool box paint lines between April and June 1994. Knapheide also changed to paints with lower VOC levels and installed a new double-wide bake oven in its utility body paint lines in August 1994. The Air Permit Variance granted by IEPA to use paints with higher VOC levels (6.0 to 6.5 pounds per gallon) was issued in September 1994 and expires April 1, 1996. The IEPA regulates VOC levels at 3.5 pounds per gallon. Attachment R of Knapheide's supporting information demonstrates that the paints now in use in the side assembly, tool box, and utility body paint lines are below the variance VOC levels and in some cases below the IEPA-regulated VOC levels. The almost 2-year time difference between Knapheide's implementation of these pollution reduction processes and the variance's expiration shows Knapheide's best efforts to reduce VOC emissions ahead of schedule, not just to meet the IEPA VOC emission requirements. This is further demonstrated by Knapheide's contention that the costs for improvements at the temporary plant to reduce VOC levels will not likely carry over to its permanent facility because Knapheide intends to implement a new painting process using electrocoat equipment at its permanent facility. This is supported by the paint technology study conducted by Knapheide as proposed in SEP 4.

With the IEPA variance in place until April 1, 1996, it is PRC's contention that Knapheide could have continued to operate its painting process without implementing the VOC emission reduction procedures at the temporary facility and waited to make changes until the new facility was operational. The invoices in Attachment S of Knapheide's supporting information justify the stated cost of \$209,675 to purchase and install the bake ovens and miscellaneous equipment that enabled Knapheide to switch to lower VOC-level paints. Because this is a pollution reduction SEP, PRC recommends a penalty offset of 20 cents on the dollar, resulting in a penalty offset amount of \$41,935.

SEP 4—Paint Technology Investigation/Consulting

- a. Knapheide has adequately addressed the comments in the EPA July 12, 1995, letter. PRC reviewed the invoices and expense sheets associated with this SEP, which are costs for studying the best available painting technologies to exceed the regulatory requirements for VOC emissions. PRC believes all costs are legitimate and applicable to this SEP. However, Knapheide's costs to perform its study will not be available for potential offset until Knapheide has implemented the new painting technologies and demonstrated it has exceeded the regulatory requirements for VOC emissions.